

Message Text

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ORIGIN ARA-10

INFO OCT-01 ISO-00 SEC-01 JUSE-00 FTC-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 EB-07 FRB-03 H-02 INR-07

INT-05 L-02 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 STR-04 TAR-01 TRSE-00 PRS-01 SP-02

OMB-01 FEA-01 NSCE-00 SSO-00 USIE-00 INRE-00 EUR-12

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DRAFTED BY ARA/CEN:DLAZAR:MBB

APPROVED BY ARA:HARYAN

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FM SECSTATE WASHDC

TO ALL AMERICAN REPUBLIC DIPLOMATIC POSTS IMMEDIATE

USCINCSO IMMEDIATE

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E.O. 11652: N/A

TAGS: BBAK, HO

SUBJECT: SECRET PAYMENT BY UB - TO HONDURAN OFFICIALS

1. UNITED BRANDS CHIEF EXECUTIVE OFFICER GELSTHORPE INFORMED US THAT UB WILL RELEASE A STATEMENT THIS AFTER-NOON TO THE EFFECT THAT IN ITS RECENT ANNUAL REPORT FILED WITH THE SEC (FORM 10K) IT WAS NOTED THAT CERTAIN INFORMATION WAS OMMITTED. INCLUDED IN THE REPORT WAS A NOTE THAT AN APPEAL HAD BEEN MADE TO THE SEC TO KEEP THE EXCLUDED INFORMATION CONFIDENTIAL ON THE GROUNDS THAT ITS RELEASE COULD HAVE A PREJUDICIAL IMPACT ON THE COMPANY, ITS EMPLOYEES AND ITS STOCKHOLDERS. THE COMPANY HAS

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SUBSEQUENTLY LEARNED THAT THE PRESS HAS OBTAINED THE

SUBSTANCE OF THIS INFORMATION WHICH LEADS TO THIS RELEASE. THE BOARD OF DIRECTORS HAS LEARNED THAT IN THE COURSE OF NEGOTIATIONS OVER THE HONDURAN BANANA TAX UB CHIEF EXECUTIVE OFFICER ELI BLACK AUTHORIZED THE PAYMENT OF \$1,250,000 TO OFFICIALS OF THE GOH. THE PAYMENT WAS MADE THRU FOREIGN SUBSIDIARIES AND NOT REPORTED AS SUCH. IN ADDITION IT WAS LEARNED THAT THERE WAS AN UNDERSTANDING THAT A FURTHER PAYMENT OF \$1,250,000 WAS AGREED UPON. THE BOARD HAS DETERMINED NOT TO MAKE THIS FURTHER PAYMENT.

THE BOARD IS AWARE THAT THE DISCLOSURE MAY HAVE MATERIAL IMPACT ON THE FUTURE OPERATIONS OF THE COMPANY.

A SPECIAL COMMITTEE OF THE BOARD HAS BEEN APPOINTED TO INVESTIGATE THIS OPERATION AND ALSO THE PAYMENT OF SOME \$750,000 TO EUROPEAN RECIPIENTS UNDER SIMILAR IRREGULAR CIRCUMSTANCES.

2. THE ABOVE IS PROVIDED FOR YOUR INFORMATION ONLY. PREVIOUS GUIDANCE STILL STANDS.

YOU ARE REQUESTED TO GIVE US YOUR CONTINUING REACTION TO THE ABOVE. AS IT IMPACTS ON LOCAL MEDIA, PUBLIC OPINION, ETC. KISSINGER

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